

MULTIPLE PARTY BENEFIT FROM AN ONLINE AUTHENTICATION SERVICE

CROSS-REFERENCE TO RELATED APPLICATIONS

[0001] This application is related to U.S. patent application Ser. No. 10/660,263, filed Sep. 10, 2003, entitled "Profile and Identity Authentication Services," which claims priority of U.S. provisional patent application Nos. 60/410,032 and 60/469,284, which are all hereby incorporated by reference.

[0002] This application is related to U.S. patent application Ser. No. 10/370,149, filed Feb. 19, 2003, entitled "Mobile Account Authentication Service," which claims priority of U.S. provisional patent application Nos. 60/373,702 and 60/405,869, which are all hereby incorporated by reference.

[0003] This application is related to U.S. patent application Ser. No. 10/156,271, filed May 24, 2002, entitled "Online Account Authentication Service," which is a continuation-in-part of U.S. patent application Ser. No. 09/842,313 filed Apr. 24, 2001, entitled "On-Line Payer Authentication Service," which in turn claims priority of U.S. provisional patent application No. 60/199,727, all of which are hereby incorporated by reference.

FIELD OF THE INVENTION

[0004] The present invention relates generally to authenticating the identity of account holders during online transactions, and more specifically to techniques for sharing and using information related to the authentication process with value-adding parties.

BACKGROUND

[0005] During a payment transaction using a payment card (e.g., a credit, debit, or stored value card), it is important to verify a cardholder's ownership of an account to avoid a variety of problems, such as unauthorized use. Payer authentication is the process of verifying a cardholder's ownership of an account. The most common method to authenticate a cardholder's ownership of an account occurs routinely at a point of sale during what is called a "card present" transaction. A card present transaction involves a merchant's representative taking the cardholder's card, swiping it through a payment card terminal to verify account status and credit line availability, and then checking to see that the signature on the back of the card matches the purchaser's signature. If the merchant follows specific guidelines for this type of transaction, the merchant will be guaranteed payment for the amount authorized less discount and fees. A service provider such as Visa International Service Association (or service organization) may provide these specific guidelines.

[0006] "Card not present" transactions, on the other hand, such as those occurring online, through the mail, or over the telephone, involve payments that are not guaranteed to the merchant. No guarantee is provided primarily because the payers are not authenticated in such non face-to-face transactions, thereby allowing many risks to accompany the "card not present" transactions. Such risks involve issues such as chargebacks of payment transactions to online

merchants, fraud for both merchants and cardholders, increased exception item processing expenses for banks, and an increased perception that buying goods and services online is not safe and secure, which may keep some consumers from buying online. Specific examples of risks include the unauthorized use of stolen account information to purchase goods and services online, fabrication of card account numbers to make fraudulent online purchases, and extraction of clear text account information from network traffic.

[0007] Given the continued expected high growth of electronic commerce, it is important to provide methods to authenticate payers. Given the breadth of online transaction types, it is also important to provide methods to authenticate the identity of parties regardless of whether there is a commercial aspect to a transaction. This will benefit all transaction participants ranging from cardholders, merchants, financial institutions, to government agencies. Authenticating the customers during online transactions will reduce the levels of fraud, disputes, retrievals and chargebacks, which subsequently will reduce the costs associated with each of these events. Authenticating customers also addresses security concerns and therefore will lead to increased online activity. Prior systems used to authenticate parties during online transactions have not been widely adopted because these systems were difficult to use, had complex designs, required significant up-front investment by system participants and lacked interoperability. Certain prior systems additionally required the creation, distribution and use of certificates by merchants, cardholders, issuers and acquirers. Such use of certificates is known to be quite burdensome.

[0008] In view of the foregoing, there are continuing efforts to provide improved systems for authenticating the identity of customers in online transactions. Furthermore, there are also continuing efforts to beneficially utilize the information available to parties involved in such authentication processes.

BRIEF SUMMARY OF THE INVENTION

[0009] The present invention is directed to an account authentication service that authenticates the identity of a presenter during online transactions. The authentication service allows a trusted party to verify an account holder's identity for the benefit of a requesting party ("requester") using a variety of authentication methods, such as with passwords or tokens. Authenticating the identity of an account holder during an online transaction involves requesting a password from the account holder, verifying the password, and notifying the requestor whether the account holder's authenticity has been verified. An alternative embodiment of the account authentication service includes a value-added component where information about a customer is shared with a value-adding party. The customer information is rich in detail about the customer since it is collected by each of the parties in the account authentication process. The value-adding party can then use this information in various manners. All of the parties involved can benefit from sharing the customer information and each party can agree as to how they can help each other gain value. By using a transaction identifier, which identifies a specific transaction between a customer and a merchant and